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FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

BUDGET ESTIMATES FOR THE BIENNIUM 1992-1993

Revised budget estimates for the biennium 1990-1991 and budget estimates for the biennium 1992-1993

Report of the Advisory Committee on Administrative and Budgetary Questions

1. In accordance with regulation 9.5 of the Financial Regulations of UNDP, the Advisory Committee on Administrative and Budgetary Questions has considered revised budget estimates for 1990-1991 and budget estimates for 1992-1993, as contained in document DP/1991/49, volumes I and II. In accordance with Financial Regulation 5.1, the Committee has also considered a report on trust funds established by the Administrator in 1990, which, for the first time, has been incorporated in the Administrator's Annual Review of the Financial Situation, 1990 (DP/1991/47). The Committee also had before it a report on the Senior Management Structure of UNDP (DP/1991/50), a summary of that study (DP/1991/50/Add.1), and the Administrator's comments thereon (DP/1991/51). During its consideration of these items, the Advisory Committee met with the Administrator, the Associate Administrator and other senior officials of the Programme.

2. The documentation before the Advisory Committee and the Governing Council is voluminous and complex; in the case of the budget documents the complexity relates, in part, to a number of conceptual changes proposed by the Administrator. The Advisory Committee also notes that the presentation of the information, including the many cross references to other sections, tends, in some instances, to be confusing. The Committee discussed this with the Administrator and his colleagues and trusts that a simpler and more cohesive submission will be forthcoming in the future.

3. An in-depth study of the issues and recommendations contained in the management study and in the comments of the Administrator could not be carried out by the Advisory Committee because of the late submission of the documents to the Advisory Committee. Furthermore, the comments of the Administrator should have been organized in such a way as to permit an easy comparison between each of the consultants' recommendations and the Administrator's views thereon. In addition, the administrative and financial implications of the organizational changes accepted by the Administrator are not clearly reflected in his comments. The Committee believes that a clearer presentation would facilitate discussion in the Governing Council. In the circumstances, the Committee has limited itself to some general observations.

Senior Management Study of UNDP (DP/1991/50 and Add.1, DP/1991/51)

4. The Advisory Committee recalls that the Governing Council, in its decision 90/45, requested the Administrator to include a number of elements in the terms of reference for the external consulting firm, including the need for a detailed analysis of fundamental issues related to the senior management structure with options and alternatives, bearing in mind the legislative mandates contained in relevant resolutions of the General Assembly, the issues raised by the Advisory Committee on Administrative and Budgetary Questions and comments made by delegations at the thirty-seventh session of the Governing Council.

5. In this connection, the Advisory Committee recalls its report DP/1989/56 in which it pointed out that "the growth and programmes of an organization should relate to a 'blueprint' or plan. In the opinion of the Advisory Committee, the direction and essential purpose of UNDP have become less clear. Changes in the activities and methods of operation of UNDP have, over the years, been instituted to meet specific goals and have resulted in an organization which has grown incrementally rather than in an overall coordinated plan." (para. 7)

6. Similarly, in the report, the consultants speak of the "lack of a vision or grand strategy for UNDP". In this connection, the consultants note that while a number of organizational issues "can be addressed ... without the precondition of a UNDP strategy ..., many of the crucial organizational issues, however, cannot be resolved without an explicit UNDP strategy". Because UNDP lacks such a strategy, "most of the grand questions of UNDP (e.g. national execution, thought leadership, regional specialization, the role of OPS and funds and the general relations between core and non-core financing) have not been answered". The consultants also note that some of these "grand questions" can only be solved in an overall United Nations context. According to the consultants, "a new 'capacity study' might make sense to provide UNDP with direction and to answer the 'grand questions' concerning the future of UNDP and indeed, the United Nations system".

7. That being said, the consultants offer various alternative "grand strategies", noting that "only if such a long-term vision is developed will UNDP flourish and grow ...". They then proceed to address organizational

issues which, in their opinion are not dependent on a grand strategy, i.e. where "basic issues of organizational quality can be used to enhance UNDP's policy and administrative procedures". Notwithstanding the latter assertion, the Advisory Committee believes that until the vision/blueprint issue is addressed and resolved, the implementation of a host of structural changes should be viewed with caution, even if, as is the opinion of the Administrator, they carry little financial implications. Will a restructuring of the management, at this point, impact positively on programme delivery? The Advisory Committee, on the basis of the information before it, has yet to be convinced of this.

8. The Advisory Committee does not, however, suggest that the report be dismissed. Given the documentation itself, the lack of definitive, concise and transparent proposals by the Administrator vis-à-vis the recommendations of the consultants, and the time available, the report deserves a more total and thorough analysis of both the alternative grand solutions and the specific structural changes recommended in the report than may be possible at this session of the Governing Council.

9. In this connection, the Committee notes in particular the Administrator's endorsement of the proposals for the Regional Bureau and Division Managers. At the same time, he notes that "there is considerable difficulty in detailing precise costs for these at a stage when much work remains to be done on the Integrated Administrative Systems project and the programme area functions analysis. The Administrator intends, therefore, to present to the Governing Council at its special session in February 1992 the details relating to the upgrading of the posts required for the full implementation of the Division Manager proposals and other areas of change outlined in these comments" (DP/1991/51, para. 81). In this connection, the Administrator informed the Advisory Committee that the implementation of this proposal would be achieved through a combination of the redeployment of posts and the upgrading of division chief posts at the D-1 level.

10. Notwithstanding the above, the Advisory Committee believes that the creation of these posts, through whatever means, requires the explicit prior approval of the Governing Council. Accordingly, the Administrator should, in the information he submits to the Governing Council (see paras. 9 above and 11 below) include a full analysis and justification for his proposals in this regard.

11. That being the case, the Governing Council should not take a decision on this matter at this time. Nor, in the opinion of the Advisory Committee is there need for the Council to act at this time on the other recommendations accepted by the Administrator. Rather, such decisions should be deferred until the special session of the Governing Council in February 1992. The Committee recommends that the Administrator provide the Council with a detailed and clear report outlining all recommendations accepted by him and their impact on the organization, financial and otherwise. That report could be taken up by the Advisory Committee at its fall 1991 session.

12. The Advisory Committee notes from reading both the management consultant report and the Administrator's budget proposals that a number of recommendations made by the consultants correspond to new initiatives which the Administrator had taken already. The Committee does not dispute this but it cautions that other changes discussed by the consultants should not be implemented pending a decision on the matter by the Governing Council.

13. As noted above, the consultants were requested to bear in mind legislative mandates contained in relevant General Assembly resolutions as well as issues raised by the Advisory Committee. However, in many cases it is not clear to the Advisory Committee the extent to which these have been considered. For example, recommendation 15 of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations inter alia stated that

> "The number of regular budget posts at the level of Under-Secretary-General and Assistant Secretary-General should be reduced by 25 per cent within a period of three years or less, with a comparable reduction in posts at those levels funded from extrabudgetary sources."

The above was approved by the General Assembly in resolution 41/213; however, the consultants do not address it. The Committee would have expected a thorough discussion of this point. Another example is that raised by the Advisory Committee concerning the role of OPS, and the need for coordination and consultation with executing agencies and Governments. While the consultants question what the overall role of OPS should be, they state that the overall functions and shape of OPS could only be solved in the context of a new capacity study of the United Nations system. That being the case, the report stops short of a more thorough analysis of this issue.

14. The Advisory Committee also notes that in their report, the consultants discuss the institutional location of the unit for TCDC and make recommendations in this regard in both the start-up structure and the target organization. With regard to the Administrator's request for guidance on this matter (DP/1991/51, para. 29) the Governing Council may wish to bear in mind its decision 90/34.

15. On a point of detail, the Advisory Committee notes the consultants' view from paragraph 6.1.1 of the management report that the official post list understated the actual manpower at headquarters by approximately 20 per cent. However, as also pointed out by the consultants in footnote 27 of their report, "there is a significant difference between budgeted post list and staff list figures. Actual staff is about 25 per cent higher than the number of posts. This is explained by extrabudgetary posts and project-funded posts."

Revised budget estimates for 1990-1991 (DP/1991/49)

16. As shown in table IV.1, the Administrator's revised budget estimates for 1990-1991 for UNDP as a whole amount to $534,729,500 as compared with initial and revised appropriations of $507,484,200 and $522,267,100 respectively. In this connection, the Advisory Committee notes that the amounts shown by the Administrator in table IV.1 for the inital and revised 1990-1991 estimates ($507,484,200 and $522,267,100 respectively) differ from the amounts actually appropriated in Governing Council decisions 89/59 and 90/45 respectively. The difference in each figure relates to the Administrator's proposal to revise the structure of the appropriation decision and the implications of this proposal on, in particular, the presentation of the OPS budget under the PSDA appropriation line. (See para. 18 below.)

17. The current appropriation structure is shown in table III.1 where gross appropriations are in turn netted by estimated income. However, in paragraph 38, the Administrator points out that this structure:

> "indicates an inconsistent treatment of income. In the case of field offices, income represents essentially government local office cost contributions. In the case of OPS, income represents extrabudgetary income from outside the general resources of UNDP, namely income deriving from multilateral co-operation arrangements, trust funds and management services. In the case of UNSO, income reflects in part a transfer of resources from the core budget ... and partly a contribution from UNEP."

18. The Administrator proposes to correct this inconsistency by amending the appropriation in the manner shown in table IV.2 and by providing a supplementary table (reproduced below) showing both the appropriation estimates and extrabudgetary income from external sources. As shown in the appropriation estimates (column 1 of table 1 (a) below), both gross and net appropriations are given in the case of the core budget, the net reflecting the application of income from host Government contributions in cash. The amount to be appropriated for OPS under Programme Support and Development Activities (PSDA) is a net amount and does not include, as in previous appropriation tables, income from external sources since that income (currently estimated at $21,640,000 for 1990-1991), unlike income from host government contributions in cash, does not reduce the amount to be appropriated from the general resources of UNDP. The exclusion of the corresponding extrabudgetary income previously included in the gross appropriations for OPS in both the initial and revised 1990-1991 appropriations accounts for the adjustment discussed in paragraph 16 above and permits a meaningful comparison of the appropriations and the current estimates.

Table 1 (a). UNDP 1990-1991 biennial budget showing estimated extrabudgetary income from external sources

(Thousands of United States dollars)

	1 Appropriation estimates	2 Estimated extrabudgetary income	3 Total gross/net estimates
I. RESOURCES OF UNDP			
A. UNDP core activities			
Headquarters a/	152 705.4	14 472.2	167 177.6
Field offices	288 763.1	25 746.3	314 509.4
Gross UNDP core activities	441 468.5	40 218.5	481 687.0
Estimated income b/	30 940.0	0.0	30 940.0
Net UNDP core activities	410 528.5	40 218.5	450 747.0
B. Programme support and development activities			
Programme development activities	353.2	0.0	353.2
Project/programme implementation services			
DSS	5 000.0	0.0	5 000.0
OPS	26 482.8	21 641.0	48 123.8
IAPSO	4 796.6	2 035.5	6 832.1
UNV	27 723.8	0.0	27 723.8
National execution	2 461.4	0.0	2 461.4
Total project/programme implementation services	66 464.6	23 676.5	90 141.1
Total programme support and development activities	66 817.8	23 676.5	90 494.3
C. Total resources of UNDP			
Gross resources	508 286.3	63 895.0	572 181.3
Estimated income b/	30 940.0	0.0	30 940.0
Net UNDP resources	477 346.3	63 895.0	541 241.3

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Table 1 (a) (continued)

	1 Appropriation estimates	2 Estimated extrabudgetary income	3 Total gross/net estimates
II. RESOURCES OF TRUST FUNDS			
A. UNCDF	9 839.9	0.0	9 839.9
B. UNRFNRE and UNFSTD	5 708.5	288.9	5 997.4
C. UNSO	6 701.4	2 401.0	9 102.4
D. UNIFEM	4 193.4	128.9	4 322.3
Total resources of trust funds	26 443.2	2 818.8	29 262.0
III. TOTAL UNDP APPROPRIATIONS			
Gross appropriations	534 729.5	66 713.8	601 443.3
Estimated income b/	30 940.0	0.0	30 940.0
Net UNDP appropriations	503 789.5	66 713.8	570 503.3

a/ Headquarters extrabudgetary income represents income from external sources, exclusive of reimbursements to UNDP-core from non-core units. The reimbursements are already included in the appropriation estimates of the non-core units.

b/ Includes estimated income of $30.6 million for host Government contributions in cash.

19. The Advisory Committee has no objection to the revised appropriation structure but it believes that the information contained in table 1 (a) is essential to providing the full picture of total resources available to all units, particularly vis-à-vis OPS which hitherto has been treated in a different manner. In the opinion of the Advisory Committee, table 1 (a) should be attached to the appropriation decision, wherein the Governing Council would appropriate the amount shown in column 1 and take note of the estimated extrabudgetary income in the amount shown in column 2.

20. The totals mentioned in paragraph 2 above cover the UNDP core budget, Programme support activities (to be renamed Programme support and development activities (see paras. 33-39 below)), and resources of trust funds. The following table shows the amounts allocated to these categories in the adjusted initial and revised appropriations for 1990-1991 as well as the amounts currently proposed by the Administrator:

Source of funds	1990-1991 original appropriations (dec. 89/59) (adjusted)	1990-1991 appropriations (dec. 90/45) (adjusted)	Revised 1990-1991 estimates (DP/1991/49)
	(In thousands of United States dollars)		
A. UNDP core activities	426 438.4	434 304.6	441 468.5
B. Programme support and development activities	54 472.4 a/	61 790.3 b/	66 817.8 c/
C. Resources of trust funds	26 573.4	26 172.2	26 443.2
TOTAL	507 484.2	522 267.1	534 729.5

a/ Excludes $19,174,000 in estimated extrabudgetary income to OPS from trust funds and management service agreements.

b/ Excludes $19,959,000 in estimated extrabudgetary income to OPS from trust funds and management service agreements.

c/ Excludes $23,676,500 in extrabudgetary income ($21,641,000 to OPS from trust funds and management service agreements, and $2,035,500 to IAPSO).

21. The Advisory Committee notes from table IV.1 of the Administrator's report that the proposed increase of $12.5 million over the adjusted revised appropriations approved for UNDP as a whole in decision 90/45 is attributable to the following elements:

	Thousands of dollars
Currency	(873.6)
Inflation	4 636.4
Cost adjustments	7 146.2
Volume increase	1 553.4
TOTAL	12 462.4

22. As shown above, the largest element in the overall proposed increase is attributable to $7.1 million under "various cost adjustments"; of that amount, $5.6 million, relates to the core budget. As discussed by the Administrator in paragraph 84 of his report, this increase incorporates a number of elements, including those related to recommendations of the ICSC approved by the General Assembly vis-à-vis the hardship and mobility component of Professional staff, education grant and rental subsidy. It also includes an amount of $0.9 million which has been included for termination indemnity and which relates "to the proposed staff reductions included in the 1992-1993 core headquarters budget" (see paras. 43-47 below). Although the reduction will be achieved, in large part through attrition, turn-over, reassignments and a recruitment freeze on headquarters General Service staff, the Administrator "requires additional funds in the 1990-1991 budget in order to negotiate termination agreements" (para. 84).

23. As shown in table IV.1 of DP/1991/49, the volume increase of $1.5 million relates in its entirety to components of the Programme support and development activities section of the budget, namely OPS ($649,000) and UNV ($904,400). The volume increase of $649,000 for OPS relates to that part of the OPS budget financed from support cost earnings charged to UNDP general resources as opposed to the "extrabudgetary" portion representing income generated from trust funds and management service agreements. The Committee notes from volume II that a volume increase of $1,206,800 has been reported vis-à-vis the 1990-1991 extrabudgetary portion of the budget. This relates to the Administrator's revised appropriation structure as discussed in paragraphs 17-19 above. In this connection, the Administrator states in paragraph 42 that "transparency dictates that the Governing Council should be able to differentiate between those resources funded from their voluntary contributions to UNDP and those funded from multilateral co-operation arrangements, trust funds and bilateral contributions. Accordingly, in volume II, two tables are provided, one relating to OPS budgetary resources and the other to OPS extrabudgetary resources."

24. The Advisory Committee has no objection to this approach; however, it believes that care must be taken to reflect, not only in volume II, but also

in the text of volume I, an indication of the overall resources available to OPS. This would be addressed to some extent by the inclusion of table 1 (a) as the appropriation table (see para. 19 above); however, the Committee also recommends that specific mention be made in the text of volume I, particularly since most of the tables in volume I show only the budgetary side of OPS.

25. As seen in table 3-IIB.2a of volume II of DP/1991/49, the volume increase of $649,000 for OPS with regard to its budgetary resources relates, for the most part to established posts and common staff costs. The Committee notes from paragraph 78 of volume I of DP/1991/49 that this is attributable to six new posts (three Professional and three General Service) which the Administrator has approved in conformity with the authority granted to him in Governing Council decision 82/31.

26. By the same authority the Administrator has approved five new extrabudgetary posts. Those posts and related common staff costs account for $259,000 of the $1.2 million volume growth shown in table 3-IIB.2b of volume II under the extrabudgetary resources budget of OPS. The balance of the volume growth relates to a variety of objects of expenditure, the most notable being subcontracts ($600,000) and rental and maintenance of premises ($148,200). With regard to the latter, the Administrator notes in volume II that the volume growth represents "the estimated costs to rent office space needed to accommodate the additional staff. The offices are in the same building and, following some alterations, will be integrated in the same premises OPS currently occupies."

27. As discussed in volume II of DP/1991/49, the volume increase of $600,000 under subcontracts relates to services, primarily those in the data entry, payments and information areas which will, effective 1991, be performed by individuals from employment agencies, according to the needs of OPS. The Administrator adds that "compared to the costs of establishing regular posts, this is an efficient and cost-effective way to meet some of the needs of OPS".

28. The revised 1990-1991 estimates for UNV, discussed in paragraphs 81-82 of volume I of DP/1991/49, include, as mentioned above, a volume increase of $904,400. In this connection, the Administrator recalls that the UNV budget includes, in addition to its core and field budget, a supplementary budget for UNV headquarters, funded by means of annual supplement to the core budget of $3,700 per serving volunteer in excess of 1,000 on 31 December of the previous year. The number of serving volunteers as of 31 December 1990 totalled 2,045, an increase of 244 over the number of 1,801 serving as of 31 December 1989. As indicated in paragraph 82, this yields an addition to the supplementary budget of $902,800 (244 x $3,700); the Administrator has established seven new posts (three Professional and four General Service), bringing the total UNV staffing in Geneva to 35 Professional and 59 General Service posts.

29. The Committee notes from table 3-IIB.4 of volume II that the above-mentioned seven new posts and related common staff costs account for $646,800 of the volume growth; the balance relates to a variety of objects of expenditure, including $95,000 for the rental and maintenance of premises and $40,000 for communications.

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1992-1993 budget estimates

30. The Administrator discusses the budgetary strategy underlying the 1992-1993 estimates in paragraphs 9-21 of DP/1991/49. As noted in paragraph 11, the strategy relates to a number of premises including the need to reduce volume in view of the overall resource situation of UNDP. In this connection, the Administrator states in paragraph 10 that "while the programme delivery is expected to be essentially stagnant, the budget will continue to expand as cost growth continues". Consequently, "the overall resource situation requires a volume reduction in the headquarters budget" (para. 11). The Advisory Committee's observations regarding this reduction are contained in paragraph 45 below.

31. As indicated in paragraph 11, the budget proposals also recognize that the Governing Council will be considering the management consultants' report on the senior management structure and the Administrator's comments thereon (DP/1991/50 and DP/1991/51), and that "further budgetary adjustments may be required on the basis of decisions to be taken by the Governing Council in this regard". Accordingly, the budget proposals include only "those elements of the report which correspond with the Administrator's own initiatives and which were well underway ... before the study" (para. 19).

32. Finally, the proposed budget reflects presentational changes which, in the Administrator's view respond to concerns regarding the delineation of programme, programme support and administrative expenditure and the need to take into account the Governing Council's decision regarding the development of thematic priorities.

33. As mentioned in paragraph 20 above, the total resources appropriated under the UNDP biennial budget relate to three categories: UNDP core activities, Programme support activities and the resources of trust funds, the first two of which are funded from UNDP General Resources. The Administrator's 1992-1993 budget estimates reflect his proposal to change the Programe support activities (PSA) appropriation line to the Programme support and development activities (PSDA) line and, to include thereunder, a new element relating to thematic and development activities at a programme level. The PSDA would comprise three major components: programme development activities, project/programme implementation, and programme support. In this connection, the Administrator emphasizes in paragraph 15 that his proposal "does not constitute a request for an increase in the total resources currently made available for these activities", but rather to consolidate their funding under a single appropriation line.

34. The Administrator discusses his proposal at some length in paragraphs 43-60 of DP/1991/49. As noted in paragraph 49, the current appropriation structure does not differentiate between operational and administrative support and programme level developmental activities, i.e. programme development activities in some instances are charged to the core budget, while others have been implemented in the form of projects and financed variously from SPR and global resources. Furthermore, the current programme support activity section of the appropriation structure "focuses

essentially on programmes which have a bearing on programme implementation" (para. 50), such as OPS, UNV, IAPSO and Headquarters Support to National Execution. Only UNISTAR and the consultancy services provided under DSS relate to substantive and thematic work. That being the case, the Administrator concludes that "the current presentation precludes the possibility of a coherent presentation of UNDP's substantive development activities at a programme level" (para. 51).

35. The Advisory Committee notes from paragraph 53 that the Administrator, taking into account Governing Council decision 90/34 which mandates new programming initiatives in a number of substantive and thematic areas, believes that all programme development and thematic work should be "reflected in an identifiable part of the budget for which the Administrator is separately accountable". Accordingly, he proposes that the PSDA should be expanded to include programme development and thematic activities, which "respond to global programme issues" (para. 55).

36. The Administrator describes the nature of these activities in paragraph 55, noting that "they are clearly distinguishable from both the operational support activities funded under the [core] budget and from project level activities". In this connection, he states that "PSDA would provide the incubator for new ideas to germinate and flourish; it could also, in some cases, appropriate the resources required to manage specific developmental programmes in the initial phases before appropriate mainstreaming". The Administrator elaborates on this further in paragraph 58, stating that "the relationship between projects, PSDA-funded activities and the core budget can be understood to some extent as a continuum". A developmental issue may first be identified in the specific context of a project; however when "there is a need to expose the concepts and challenges within a broader developmental context, the resources should be appropriated under the PSDA". Subsequently, "once concepts have been developed and understood, ... the support for related activities becomes integrated into the UNDP operational budget".

37. In paragraph 59, the Administrator summarizes the advantage of this approach, noting, inter alia, that it would ensure that the "operational and administrative budget does not carry activities that are clearly substantive and developmental in nature". Furthermore, "the presentation of these activities under the PSDA accurately reflects the fact that these initiatives are not part of UNDP's permanent infrastructure but relate to areas requiring innovation and development".

38. The Advisory Committee sees merit in consolidating the resources for programme support and development activities under one appropriation line; it also recognizes that this may result in a better differentiation or delineation between operational/administrative support and programme activities. At the same time, the Committee would have appreciated a more concrete definition of the type of developmental activities to be financed under PSDA; i.e. it found the descriptions somewhat theoretical in nature.

39. As discussed below, the implementation of the Administrator's proposal involves the transfer of resources from the core budget and the SPR to the PSDA budget; consequently the volume increases and decreases shown in respect

of the revised estimates in table V.1 should not be misinterpreted as pure volume changes in that they incorporate, as pointed out by the Administrator, both transfers and real volume growth/reduction (see para. 42 below). Were it not for these transfers, the Advisory Committee points out that the growth in the core budget for 1992-1993 would actually be closer to 12.5 per cent, and not the figure of 9.2 per cent quoted by the Administrator in paragraphs 3 and 91.

40. As shown in table V.1 and as summarized below, the Administrator's estimates for UNDP as a whole for 1992-1993 amount to $611,286,300, an increase of $76,556,800 as compared with his proposed revised estimates of $534,729,500 for 1990-1991:

Source of funds	1990-1991 revised estimates (DP/1991/49)	1992-1993 estimates (DP/1991/49)	Increase
	(In thousands of United States dollars)		
A. UNDP core activities	441 468.5	481 975.6	40 507.1
B. Programme support and development activities	66 817.8 a/	100 350.9 b/	33 533.1
C. Resources of trust funds	26 443.2	28 959.8	2 516.6
TOTAL	534 729.5	611 286.3	76 556.8

a/ Excludes $23,676,500 in estimated extrabudgetary income ($21,641,000 to OPS and $2,035,500 to IAPSO) - see paras. 17-19 above.

b/ Excludes $28,053,900 in estimated extrabudgetary income ($25,501,800 to OPS and $2,552,100 to IAPSO).

41. The increase of $76,556,800 for UNDP as a whole, which is attributable to a number of factors, relates to the three main components of the budget as follows:

Source of funds	Volume	Various cost adjustments	Currency adjustment	Inflation adjustment
	(In thousands of United States dollars)			
UNDP core activities	(26 289.2)	8 636.8	(184.6)	58 344.1
PSDA	22 886.7	2 155.1	721.1	7 770.2
Trust Funds	(1 028.7)	1 004.9	3.1	2 537.3
Total	(4 431.2)	11 796.8	539.6	68 651.6

42. As mentioned in paragraph 39 above and as discussed in paragraphs 92-94 of DP/1991/49, the volume changes shown above in respect of core activities and PSDA incorporate both volume increases/decreases and transfers as follows:

Source	Real volume inc./dec.	Transfer (to or from PSDA)	Total "volume" shown in table V.1
	(Millions of United States dollars)		
UNDP core activities			
- Headquarters	(13.7)	(4.8) to PSDA	
- Field	1.9	(7.5) to PSDA	
- Programme support (CGIAR & UNSO-UNEP)	-	(2.2) to PSDA	
Subtotal	(11.8)	(14.5)	(26.3)
PSDA activities			
- Programme development activities	-	4.8 From HQ core 7.5 From field core 5.9 From SPR 0.5 From global resources	18.7
- Programme support	$0.1 a/	2.2 From HQ CGIAR/ UNSO-UNEP	2.3
- Project/programme implementation	1.8 b/	-	1.8
Subtotal	1.9	20.9 (of which 14.5 from core and 6.4 from SPR/ Global)	22.8

a/ CGIAR/UNSO-UNEP.

b/ Relating to OPS ($0.6 million) and UNV ($1.2 million).

43. As shown above, the core budget reflects a real net volume decrease of $11.8 million, comprising a reduction of $13.7 million at headquarters offset by an increase of $1.9 million in field activities. The volume decrease of $13.7 million at headquarters relates to the reduction of 96 posts and consequential reductions under other objects of expenditure. In this connection, the Advisory Committee notes that "each senior manager was requested to review the implications of a 15-per-cent post reduction. The target was set in dollar terms and managers requested to analyse existing management and business practices". In other words, the need for reductions was presented "as an opportunity to rationalize, simplify and restructure ..." (para. 98).

44. As mentioned above, this reduction was considered necessary in the light of the overall stagnation of programme delivery. This is evident from table I.1 of DP/1991/49, which shows that programme delivery (project costs) in 1992-1993 reflects a growth of only 3.4 per cent over the 1990-1991 total. On the other hand, the growth in the core budget (headquarters and field combined) is nearly 10 per cent.

45. The Advisory Committee is gratified that the Administrator has acknowledged the necessity of a volume reduction and it appreciates his candour in this regard. On the other hand, on the basis of the information contained in the document and provided to it, the Committee is of the view that the response of the Administrator does not take into account fully the seriousness of the situation especially when the Committee notes that, nothwithstanding the reductions being proposed, the Administrator states that "this is without prejudice to further consideration of UNDP management requirements resulting from the management consultants' report on the senior management structure." (para. 13).

46. A summary of the proposed post reductions as well as reclassifications by major unit and grade of post is contained in table V.3 of DP/1991/47. As shown therein, a grand total of 116 reductions are proposed; these include the above-mentioned 96 reductions as well as 20 transfers to PSDA (all of which are from TCDC and BPPE (11 Professional and above including 3 D-2s, and 9 General Service).

47. The Professional reclassifications (established core posts) proposed by the Administrator can be summarized as follows:

DOP: 3 P-4 to P-5

DER: 1 P-5 to D-1

RBASE: 1 P-5 to D-1, 1 P-4 to P-5

PCO: 1 P-5 to P-3

BPPE: 1 G-7 to P-2

In addition, 10 General Service posts are proposed for reclassifications to the G-6 level under various units.

48. The Administrator highlights some of the principal reductions/reclassifications/transfers in paragraph 102, including the restructuring of the Bureau for Programme Policy and Evaluation, which relates to his proposal regarding the use of the PSDA to fund developmental and thematic ideas (see paras. 60-64 below). As explained in paragraph 103, the restructuring will lead to the creation of a Programme Support Division, comprising four clusters of activity. In this connection, the Administrator states that "the restructuring proposals ... are to some extent consistent with the recommendations of the management consultants' report on the senior management structure." (para. 104).

49. The Administrator also proposes to restructure the Division of Personnel into four sections: Staffing, Training, Conditions of Service and Personnel Systems, and Administration, each of which would be headed by a D-1. This proposal also includes the reclassification of three budgetary and one extrabudgetary post to the P-5 level and three extrabudgetary posts to the P-4 level (paras. 115-116).

50. In the opinion of the Advisory Committee, the justifications provided in volume I and/or volume II for the above reclassifications are, in most instances, insufficient. Although the reclassifications may not affect the staffing pyramid due to corresponding staff reductions, a more detailed justification of each proposal is still required.

51. In paragraphs 110-114, the Administrator discusses his proposals regarding the provision of administrative services at Geneva; he proposes to centralize the administrative service function with UNV. The implementation of this proposal, which the Advisory Committee endorses, would result in a savings of about $1.7 million to the UNDP core budget as outlined in paragraph 113; as discussed below, the proposal would also generate net savings to the UNV budget.

52. The Administrator discusses computer strategy in paragraphs 118 to 126; as noted therein, only a maintenance level of funding has been included in the 1992-1993 estimates for IAS; however, "a revised submission for funding may have to be submitted to the Council in 1992 in the context of the revised budget estimates for 1992-1993 if necessary and appropriate" (para. 125).

53. As mentioned above, the estimates for core field activities include a real volume increase of $1.9 million. In this connection, the Administrator states that he "has not applied the policy of budget reductions to the field network" in view of the "priority attached to maintaining the strength of UNDP's field infrastructure" (para. 14). In addition, he believes that it is premature to judge the full impact of the added responsibilities to be assumed by the field offices as a result of the above-mentioned process of decentralization. While he trusts that "the additional workload will be kept to a minimum", or even reduced; nevertheless "it would be premature to judge the full impact". Accordingly, the Administrator proposes a policy of "severe restraint in the field" (ibid.).

54. The volume increase of $1.9 million for the field relates, in part, to the net increase of 43 posts as shown in table V.5, details of which are provided in paragraphs 128-134 of the Administrator's report. In this connection, the Administrator emphasizes that his proposals take into account that the field offices have been strengthened over the last two biennia; therefore, with the exception of Europe, the estimates reflect the above-mentioned restrictive policy and relate "to field offices with very specific needs", associated, in most cases with "a substantial increase in IPF resources in the fifth cycle".

55. Of the total volume increase in the field, $1 million relates to training requirements. In this connection, the Advisory Committee notes from paragraph 140 that "the total training budget at 1992-1993 prices will amount to $7.9 million", and that "the direction provided by Governing Council decision 90/34, together with the need for staff retraining in conjunction with the budget reductions provides the background and rationale for this proposal".

56. The Administrator raises another issue regarding the field office budget in paragraphs 61-64 of his report; namely the delineation of IPF-related and other field office activities. In this connection, the Administrator states that "for the last decade statistics have consistently indicated that approximately 45 per cent of the activities of field offices do not relate to the delivery of the IPF programme" (para. 62). At the same time, he notes that

> "extrabudgetary activities financed through UNDP are self financing and field offices are compensated for the workload generated. The large percentage of time spent by field offices on non-IPF-related activity does not therefore represent a subsidy from core to extrabudgetary activity but is inherent in the profile and functions of field offices throughout the world. Indeed, this 45 per cent, including the tasks that devolve on the function of Resident Coordinator, are one of the great strengths and represent one of the most valuable assets of the UNDP field office network." (ibid.).

57. The Administrator also states that because the field office network is part of the UNDP operational and administrative budget, "the efficiency of UNDP operations is regularly measured by comparing, inter alia, the cost of the field office network to IPF programme delivery". In the Administrator's opinion, the Advisory Committee and the Governing Council should reconsider the presentation of the field budget and, in this connection, he suggests that one option would be "to discount by 45 per cent the field-related budgetary expenditures and to show this instead as PSDA". While stopping short of recommending this option, the Administrator does propose to transfer the cost of 27 international economist posts in the field to the PSDA budget (see para. 66 below).

58. The Advisory Committee does not believe that sufficient information has been provided for it to reconsider the presentation of the field budget or to

comment on the options mentioned by the Administrator. In the opinion of the Advisory Committee, the Administrator should, if he believes that a change is called for, present specific options, analysing the advantages and disadvantages of each one.

Programme support and development activities (PSDA)

59. Volume growth under PSDA activities totals $22.8 million; however, as shown in paragraph 42 above and as discussed by the Administrator, true volume increase totals $1.9 million and relates to OPS, UNV, and UNCGIAR. The balance of $20.9 million represents transfers to PSDA ($14.5 million from the core budget and $6.4 million from Special Programme Resources and Global resources); as discussed above, this would consolidate programme support and development activities under one appropriation line.

60. The effect of this transfer means that a number of posts, both at Headquarters and in the field, hitherto funded from either the core, SPR or Global resources will now be funded from PSDA. As discussed in paragraph 150, and as shown in table VI.4, there are currently 45 (Professional level and above) development activity posts at headquarters relating to a variety of thematic areas, which, from an organizational point of view fall under BPPE or TCDC/INRES units. Of the 45 posts, 29 are currently funded from the core budget, 2 from the current PSA appropriation line, 14 from SPR and 1 from Global resources.

61. The Advisory Committee notes that the total number of headquarters development activity posts (Professional level and above) proposed for 1992-1993 under both core and PSDA funding amounts to 44; the reduction of one post reflects the abolition of one post in the TCDC unit under the above-mentioned staff reductions. As shown in table VI.4, the Administrator proposes that 16 of the 44 posts be funded from core resources in 1992-1993; the balance of 28 would be financed from PSDA.

62. In this connection, the Administrator explains that the posts to be funded from the core budget "represent areas where there is a need for an ongoing appraisal and formulation capacity" (para. 150). Reference is also made to this in paragraph 54 (a) where the Administrator states that the operational and administrative support services provided under the core budget include "the core activities performed by the Regional Bureaux and by the proposed Programme Support and Development Division, BPPE, whose formulation, appraisal, technical advisory and technical liaison work with the specialized agencies would represent an integral and permanent part of UNDP activities".

63. On the other hand, the Administrator explains that the 28 PSDA-funded posts "relate to areas where UNDP is currently committed to developmental work and where this commitment requires separate funding arrangements at this time" (para. 150).

64. A breakdown of the 44 posts by grade and thematic area is provided in table VI.5. In this connection, the Administrator states in paragraph 151

that "there is a real increase of one D-2 post under PSDA. This is because the D-2 core post borrowed from Geneva for the Division for Private Sector during 1990-1991 reverts to Geneva in 1992-1993" (para. 151). Consequently, the current total of 45 Professional and above development activity posts would actually decrease to 43 (1 post abolished in TCDC and 1 post returned to Geneva) were it not for the proposed increase of one D-2 post.

65. The Advisory Committee recommends against the establishment of another D-2 at this time, believing that any proposal in this regard should be done in the context of the Administrator's proposal regarding the Division Chiefs and other D-2s (see paras. 9-11 above) about which the Advisory Committee will submit its recommendations to the Governing Council.

66. As shown in paragraph 42 above, the transfer of $20.9 million to PSDA includes $7.5 million from the core field budget. This amount relates to the Administrator's proposal to transfer "that portion of the cost of aid coordination separately identifiable in the form of international economist posts in the field" to the PSDA budget (para. 64 of DP/1991/49) (see para. 57 above).

67. As also shown in paragraph 42 above, a volume increase of $1.8 million is shown under the project/programme implementation component of PSDA; this relates to OPS ($0.6 million) and UNV ($1.2 million). In this connection, the Advisory Committee notes from paragraph 152 that "the volume adjustment in 1992-1993 against the 1990-1991 estimates reflects the fact that volume increases were included in the revised 1990-1991 estimates in regard to 1991 only. In view of the biennial structure of these estimates, this volume increase appears again in 1992."

68. The Administrator discusses the posts of Director of OPS and Deputy Director in paragraph 153, concluding that these posts, which were approved on a temporary basis at the Assistant Administrator level and D-2 level respectively by Governing Council decision 90/45, should be maintained at those levels.

69. As noted above, the Advisory Committee has expressed a number of concerns with regard to OPS in recent years; in particular it has cautioned "against continued expansion of OPS without adequate consultations with executing agencies and governments to ensure coordination and cooperation rather than possible duplication and conflict" (DP/1989/56, para. 43).

70. The Advisory Committee notes the consultants' view that the growth of OPS "touches on the basis of the United Nations system of technical assistance" and that "the overall functions and shape of OPS could only be solved in the context of a new Capacity Study of the United Nations system. However, the basic question remains whether OPS in its current size and function is an integral component of UNDP and what specifically the role of OPS should be." The consultants add that there is a need for a clarification at the highest United Nations level and that unless basic policy decisions are made it could well be the case that UNDP keeps increasing without ever having its role clearly spelled out.

71. The 1992-1993 estimates for UNV, which include a real volume increase of $1.2 million, are discussed in paragraphs 154-156 of DP/1991/49. As noted in paragraph 51 above, the Administrator proposes to centralize the administrative service function in Geneva with UNV; to do so, he proposes to establish two new General Service posts for the reasons provided in paragraph 154. He also proposes to transfer to UNV, as a temporary post, the administrative officer post "previously financed from UNV's reimbursement to the Geneva Office", for a period of up to a maximum of two years in order to ensure a smooth transition of the functions previously undertaken by the Geneva Office. As mentioned above, the Advisory Committee sees merit in this proposal.

72. The Administrator's estimates for UNV also take into account the Administrator's proposal in paragraph 156 that the "costs associated with the development of a field presence of a particular programme should be a charge to the appropriation line to which the costs of that programme are charged". Failure to do so vis-à-vis the recurrent operating costs related to UNV Programme Officers has, in the opinion of the Administrator, "resulted in the core budget subsidizing UNV". Accordingly, the Administrator proproses a reimbursement mechanism fixed at 10 per cent of the $3.1 million appropriation for UNV Programme Officers, i.e. $310,000. As indicated in volume II, this amount is included in the total cost increase of $0.6 million (rounded).

73. The Administrator's proposals regarding IAPSO are outlined in paragraphs 157-158. Although no additional posts are proposed vis-à-vis the core staffing table, the Administrator plans to finance an additional 7 extrabudgetary posts (4 Professional and 3 General Service); other posts may be established "if the income projections of IAPSO are realized" (para. 158).

Trust funds

74. As explained in paragraph 66 of DP/1991/49, "within its appropriation structure, UNDP includes distinct appropriations for the resources of certain trust funds administered by UNDP"; at present this includes UNCDF, UNRFNRE/UNFSTD, UNSO, and UNIFEM. The Administrator goes on to note that the budget of each fund which is reviewed and approved by the Governing Council "relates to its operational and adinistrative activities or, in a certain sense, to its core budget". However, certain funds perform certain technical or programme support or implementation activities which "represent a specific claim against the resources of each trust fund and are financed through the use of a technical support budget" (para. 67) which finances technically specialized personnel funded from programme resources.

75. Governing Council decision 90/45 requested the Administrator "to address the policies regarding the apportionment of administrative costs to the technical support budgets"; in this connection the Administrator states that "expenditures under the technical support budget will be clearly identified in the financial statements for each trust fund by a line-item of expenditure entitled 'technical support costs'" (para. 70). Secondly, the tables for each fund in volume II will clearly show the posts involved and the total cost of

the technical support budget; in addition, "the nature of the general operating expenditures apportioned to the technical support budgets will be defined to include the staff costs plus certain items of expenditure associated with the technical work performed" (ibid.). As can be seen in table III.3 of DP/1991/49, the proposed 1992-1993 technical support budgets (those for UNCDF, UNIFEM, and UNRFNRE) amount to $5.9 million and provide for 23 staff (11 for UNCDF, 6 for UNIFEM and 6 for UNRFNRE).

76. The Administrator discusses the 1992-1993 estimates for the funds included under the trust fund section of the appropriation in paragraphs 164-166 of his report; in this connection, he notes that "post reductions applied to the headquarters core budget of UNDP were not applied to trust funds"; on the other hand, a projected increase in resources did not automatically give rise to staffing increases. The Advisory Committee also notes that the "Administrator carefully evaluated the staffing requirements of each fund in the context of the analysis and recommendations of the external consultants" and decided to "freeze all new staffing proposals for UNCDF, UNSO, and UNRFNRE/UNFSTD pending further consideration of the issues raised regarding the management and staffing levels of the trust funds" (para. 165). The Administrator has excluded UNIFEM from this decision; as noted, 2 additional posts are being proposed for UNIFEM (1 P-4 and 1 GS). The Advisory Committee also notes from volume II that an additional temporary technical support General Service post is proposed for UNIFEM as well as 1 extrabudgetary Professional post.

77. With regard to UNCDF, the Administrator is proposing 3 reclassifications (1 G-5 to G-6, 1 G-7 to P-3 and 1 P-4 to P-5). A reclassification (P-4 to P-5) is also proposed for UNSO.

78. In view of the justification provided to the Committee, it does not object to the increased staffing proposed for UNIFEM. However, it questions the Administrator's general decision not to apply post reductions to trust funds, particularly in view of the management consultants' statement that non-core and funds staff should be even more critically analysed vis-à-vis the streamlining of staff and that the greatest potential for streamlining can be found within the non-core units. Nothwithstanding the Administrator's above-mentioned statement regarding the freezing of new post requests, the Advisory Committee believes that some reductions would have been possible.

79. The Committee's comments with regard to reclassifications in the core budget are equally applicable to the above-mentioned reclassifications.

80. In considering the trust funds, the Advisory Committee noted that no information is provided vis-à-vis the project delivery attained in a given year. The Advisory Committee believes that such information would be useful in that it would permit the Governing Council to see the relation between the delivery and the size of the administrative budget. For example, upon inquiry, the Advisory Committee was informed that the programme delivery of UNCDF in 1990 amounted to $33.4 million; the administrative budget for 1990-1991 amounted to $9.8 million.

81. The Administrator's budget estimates also include the Administrator's report on Development Support Services (paras. 167-174). The Advisory Committee notes that the Administrator proposes to maintain the DSS facility in real terms for 1992-1993. The Advisory Committee trusts that every effort will be made to establish and maintain close functional coordination between the activities carried out under DSS and those under PSDA.

Field office cost recovery

82. As requested by Governing Council decision 89/59, the Administrator has also included a report on field office cost recovery (paras. 175-193). In paragraph 189, the Administrator states that the "principles and policies determining reimbursement to UNDP field offices are firmly established" and that "by and large ... the extrabudgetary mechanism is working satisfactorily". However, an exception to this statement, in the Administrator's opinion, relates to funds administered by UNDP itself. In this connection, he notes that "a clear distinction is required between activities funded from the IPF and which the field office supports as an integral part of its mandate and programmes that are funded from outside the general resources of UNDP". In the opinion of the Administrator, "the need for a common practice ... [with regard to programmes funded from outside the general resources of UNDP], ... will be given further consideration in the context of ... proposals relating to the future organizational arrangements of the trust funds".

83. The Administrator also believes that a distinction is needed "between programme activity and the costs associated with the development of a separate field presence by the concerned fund or programme" (para. 190). In this connection, as noted above, the Administrator proposes that UNV reimburse the field offices for the costs related with UNV programme officers in the field. He also notes that a common practice should be developed for all trust funds; he therefore proposes to submit proposals to the Governing Council after further review. In so stating, he notes that the overall principle to be reflected is "that the costs associated with the field presence of a programme or trust fund should be a charge to the appropriation line relating to that programme or trust fund" (para. 192).

84. The Administrator's report on field office cost reimbursement also discusses the question of reimbursement of services provided by UNDP field offices to other United Nations bodies (paras. 180-182). In this connection, the Administrator states that while the workload study in 1990 indicated that "at least 20 per cent of field time has been spent on providing support to other United Nations organizations", the field offices were reimbursed globally for 0.2 per cent of the cost of the UNDP field office network (para. 182). While not proposing new policies since he believes the current arrangements benefit the United Nations operational system as a whole, the Administrator believes that "this reality should be reflected in the presentation of the field office budget" (ibid.); this point dovetails with his discussion regarding the proportion of field office time spent on non-IPF-related work (see paras. 56-57 above).

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PROGRAMME PLANNING

Fourth cycle indicative planning figure: Cambodia

Note by the Administrator

1. In accordance with Governing Council decision 90/34 of 23 June 1990, indicative planning figures (IPFs) for the fifth programming cycle were calculated for all recipient countries. The IPF calculated for Cambodia represents the first full entitlement to IPF resources since Council decision 81/16 of 27 June 1981.

2. In decision 81/16, the Governing Council approved the use of second programming cycle IPF figures as illustrative IPFs for the third cycle for certain countries for which a recommendation had not been submitted, pending the Administrator's recommendations. Cambodia was included in this list of countries. This action was reconfirmed in decision 84/16 of 29 June 1984, by which a provisional IPF of $25.5 million remained in effect for Cambodia. This amount was subsequently reduced to 55 per cent of the IPF, as was the case for all IPF recipients in the third cycle, in accordance with paragraph 1, part VI, of decision 83/14 of 16 June 1983.

3. Because of the continued lack of data during the fourth cycle, the IPF of $14.025 million has been maintained for Cambodia. Recently, however, improvements in the availability and analysis of data have yielded new estimates for per capita gross national product (GNP), which, in the absence of published World Bank data, the Administrator has determined to be the best estimates available consistent with the methodology used by the World Bank. On this basis, the fifth cycle IPF has been established using an estimated per capita GNP of $150, and a fourth cycle IPF has been calculated for Cambodia using the estimate of $80 per capita GNP. The fourth cycle

calculation has yielded an IPF of $30.875 million. This represents an increase of $16.85 million over the provisional amount originally established for the fourth cycle. In accordance with decision 88/31 of 1 July 1988, an IPF supplement should be added to the fourth cycle IPF, which for Cambodia equals $5.625 million. Lastly, the unexpended balance of third cycle resources, as yet unprogrammed, were carried over to the fourth cycle. This third cycle carry-over equals $17.214 million, which, together with the revised fourth cycle IPF, provides total programmable resources of $53.714 million.

4. With respect to the fourth programming cycle resources available to finance this increase, the total amount which remains unallocated is $14.55 million. An IPF has already been established for Cambodia, leaving a shortfall of 25.139 million in fourth cycle resources. The Administrator proposes that this amount be transferred from the fifth cycle unallocated account pending review of the resource situation in the fourth cycle, which will be reported to the Governing Council at its thirty-ninth session. At the present time, it is envisaged that unplanned resources outside the fourth cycle IPF framework will be available at the end of the cycle; they are adequate to cover the shortfall. With the Council's approval, the fifth cycle unallocated account can later be replenished when the final income and expenditure figures are available for the fourth cycle.

Fourth cycle IPF resources: Cambodia

	Millions of United States dollars
A. Programmable resources	
Third cycle carry over	17.214
Revised fourth cycle IPF	30.875
IPF supplement (see decision 88/31)	5.625
Total programmable resources	53.714
B. Available resources	
Existing fourth cycle IPF	14.025
Unallocated fourth cycle IPF resources	14.55
Total available resources	28.575
Difference (A-B)	25.139

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PROGRAMME PLANNING

Preparations for the fifth programming cycle, including funding strategy

Special Programme Resources: Overview and programming documents

Report of the Administrator

SUMMARY

In response to paragraph 8 of Governing Council decision 91/3 of 22 February 1991, the Administrator is submitting an overview and programming document containing the information specified in the annex to decision 91/3. The present document contains the overview; the programming document will be issued as an addendum to it.

OVERVIEW

1. As requested by the Governing Council in paragraph 8 of its decision 91/3 of 22 February 1991, the Administrator is submitting, as addenda to the present document, programming documents for the subcategories of the Special Programme Resources (SPR). A document is being submitted for each subcategory except Social Dimensions of Adjustment, Transfer and Adaptation of Technology for Development, and Technical Cooperation among Developing Countries. In these three cases, programming documents will be submitted for approval to the Governing Council at its special session in February 1992. The programming documents follow the structure indicated by the Governing Council in decision 91/3. Financial allocations also follow the earmarkings agreed to by the Governing Council in decision 91/3 (see table).

2. In decision 91/3, the Governing Council stressed "the importance of Special Programme Resources as a catalyst in ensuring that the other resources of the programme achieve the objective of building the national capacity of developing countries, especially in the six thematic areas listed in paragraph 7 of decision 90/34", and "the role of Special Programme Resources in improving the quality and effectiveness of UNDP-funded technical assistance". The SPR therefore includes both the continuation into the fifth programming cycle of many of the fourth cycle activities, and new activities aiming to respond to the Council's call for building national capacity in the six areas of focus.

3. For the ongoing SPR activities, the United Nations Development Programme (UNDP) will continue to ensure that SPR resources play a catalytic role and that innovative approaches be developed to improve the effectiveness of technical cooperation.

4. For the new activities, those concerned with the development of capacity in the six areas of focus listed in decision 90/34 and those concerned with programme development, the central objective will be to integrate the themes with country-level activities. For each specific area of focus and subcategory, a programme or task manager will be designated to develop, elaborate and manage the programme. Mechanisms will be established for the coordination of activities in the six areas of focus and programme development.

5. Within the overall guidelines for the six areas of focus, procedures will be established to ensure that SPR activities achieve the objective of supporting, strengthening and supplementing indicative planning figure (IPF)-funded activities. Thus, activities will be developed in a continuous dialogue between field offices and headquarters. The Bureaux will ensure that SPR resources play a catalytic role in developing new and more effective approaches to technical cooperation, and that, in the development of these innovative approaches, the building of national capacity in the six areas of focus is the central objective.

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6. The new areas of activity can be considered to have two overriding purposes. The first is to support the development of national capacity for human development, in particular for social policy adjustment. This broad category includes poverty alleviation, women in development, drug abuse control, non-governmental organizations (NGOs), education for all, and human immune deficiency virus/acquired immune deficiency syndrome (HIV/AIDS). The second broad purpose is support for improved resource management, including environmental sustainability, and management development in the private and public sectors. In developing the programmes within these two broad areas, activities under each subprogramme will be coordinated: mechanisms will be established to ensure that the complementarities and interlinkages among the subcategories are built upon for maximum effectiveness. Support will therefore be available to governments to review existing policies and programmes concerned with social policy and/or resource management in a comprehensive manner and to select alternative approaches which respond more effectively to national requirements and constraints. Mechanisms will also be established to ensure that women's concerns are systematically identified, addressed and mainstreamed in all activities undertaken to support the development of national capacity.

7. Programme development in each of the six areas of focus will thus involve close association with country, regional and interregional programmes. Activities will include (a) networking among institutions in developed and developing countries; (b) policy-oriented research and analysis at country level in collaboration with national institutions; and (c) seminars and workshops in developing countries. Such activities will strengthen the ability of UNDP to respond to requests from governments in the priority areas of focus, to develop new concepts and innovative approaches to development problems, and to internalize issues in country and regional programmes by initiating activities at the country and regional levels. Thus, the common purpose of SPR activities, to mainstream their concerns into the country and regional programmes of UNDP, will be assured.

8. The mainstreaming of the new approaches developed by SPR activities will be achieved by a variety of means: first, by the attraction of increased resources to reinforce the effect of the six areas of focus on UNDP programming itself, and to apply on a broader scale the new approaches and new concepts developed. This reflects the catalytic effect of SPR resources in mobilizing additional resources both from within UNDP and from other sources. Secondly, SPR-funded activities will result directly in human resource development and increased institutional capability in developing countries to integrate the six areas of focus into policy and planning. Thirdly, the activities will lead to the creation of new processes to incorporate these themes. In pursuing national execution and a programme approach to UNDP-funded activities, the ensuing dialogue with governments will create opportunities to discuss the integration of the six areas of focus into country programmes and to respond to national priorities for strategic reviews of policy in the areas of social development and/or resource management. Similar opportunities will arise during UNDP participation in the broader technical cooperation programming processes, such as round-table conferences

and national technical cooperation assessments and programmes (NaTCAPS), and from the technical cooperation work undertaken in connection with Consultative Groups of the World Bank.

9. Except in the case of region-specific activities such as the United Nations Plan of Action for African Economic Recovery and Development (UNPAAERD) and the Special Plan of Economic Assistance to Central America, and activities concerned with disaster mitigation which cannot be pre-allocated on a regional basis, it is proposed that regional allocations follow the broad criterion that not more than 50 per cent of resources be allocated to any one region.

10. The earmarking of $50 million to emergency-related activities will enable UNDP to respond to unpredictable emergencies as they occur. Procedures will ensure the speediest possible processing of requests associated with the relief phase of emergencies.

11. Procedures for the approval of SPR activities are explained in each programming document. Proposals for activities under the SPR will originate both in the field, as a result of dialogue with Governments, and at headquarters. For ongoing SPR-funded programmes, procedures are already in place and will be continued. These procedures involve the formulation of projects and their scrutiny by Project Appraisal Committees (PACs) or other reference bodies with representation from all interested bureaux and units, for example, the Environment Action Team and the Management Development Programme Reference Group. After the review by reference bodies, projects are submitted to the Action Committee. For activities in new areas, procedures similar to those of the Management Development Programme will be followed where appropriate. In all cases this will involve a technical appraisal by a PAC or reference body, and subsequent submission to the Action Committee for approval.

12. Concerning monitoring and evaluation, it is proposed to pursue the following approach: for new subprogrammes of less than $10 million, evaluations will be carried out according to normal UNDP procedures; for new phases of continuing subprogrammes of less than $10 million, and which have not been evaluated in the past, it is proposed that there should be an independent evaluation; for all programmes above $10 million, an evaluation will be undertaken with the support of the Central Evaluation Office (CEO). This will include thematic evaluations of the six areas of focus within three years: half will be carried out after two years, and half after three years. These thematic evaluations will be reported to the Governing Council. The costs associated with evaluation will be borne by each subprogramme.

13. For certain subcategories, it is proposed that advance resources be made available. In the case of activities linked to country-programming initiatives, it is essential that resources are available immediately, since 1991 is an intense period for country programming activities for the fifth cycle. In order that new initiatives and new approaches to programme development can begin to be reflected in country programming as soon as

possible, it is proposed that $500,000 be made available for country programming initiatives in 1991. In the case of programme research, given the need to establish networks within developing countries, to develop methodologies for each subprogramme and to organize planning workshops, it is proposed that $200,000 be made available for 1991. For each new area of activity, it is proposed that 10 per cent of the SPR earmarking be made available during 1991, so that the results of these innovative activities can be reflected in country and regional level initiatives as soon as possible.

14. As requested by the Governing Council at its special session in February 1991, activities have been programmed and budgetary requirements identified for the first two years of the fifth programming cycle, 1992-1993. The Governing Council also agreed to earmark a contingency reserve of $16 million. This reserve may be allocated at the discretion of the Adminstrator, to respond to unforeseen and emerging needs. In this case, proposals will be subject to the normal approval procedures of PACs and the Action Committee, and the use of such funds will be reported to the Governing Council. If the Administrator deems it necessary to shift resources among subcategories, proposals justifying the changes will be submitted in advance to the Governing Council for approval.

Proposed earmarkings for fifth cycle SPR

(In millions of dollars)

Category		Earmarking
A.	Disaster mitigation	
A1.	Disaster preparedness and management	10
A2.	Emergency relief	7
A3.	Reconstruction and rehabilitation	18
A4.	Refugees, displaced persons and returnees	5
	Reserve for utilization after General Assembly adoption of guidelines	10
	SUBTOTAL	50
B.	Thematic activities	
B1.	Poverty eradication and grass-roots participation in development	20
B2.	Environmental problems and natural resources management	25
B3.	Management development	40
B4.	Technical cooperation among developing countries	15
B5.	Transfer and adaptation of technology for development	7
B6.	Women in development	8
	SUBTOTAL	115
C.	Other special and/or new activities	
C1.	Human development report	5
C2.	Special plan of economic assistance to Central America	20
C3.	United Nations Programme of Action for African Economic Recovery and Development	10
C4.	Drug abuse control/crop substitution	5
C5.	HIV/AIDS	5
C6.	Social dimensions of adjustment	a/
C7.	World Conference on Education for All	a/
C8.	Private sector development	4
C9.	NGOs	a/
	SUBTOTAL	53
D.	Aid coordination	
D1.	NaTCAPs, round-table meetings and UNDP support to Consultative Group meetings	25
D2.	Others, e.g., needs assessments, country programme reviews	5
D3.	Country programming initiatives	5
	SUBTOTAL	35
E.	Programme development	
E1.	Project development facility	15
E2.	Programme evaluation/training	7
E3.	Programme research	7
	SUBTOTAL	29

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Category		Earmarking
F.	Assistance to the Palestinian people	
	SUBTOTAL	15
G.	Contingencies	
	SUBTOTAL	16
	GRAND TOTAL	313

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a/ Lines C.6, C.7 and C.9 were assigned $4 million in the aggregate.

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Item 3 of the provisional agenda

SUPPORT

SPECIAL PROGRAMMES OF ASSISTANCE

Assistance to the Palestinian people

Report of the Administrator

SUMMARY

Recent developments in the Middle East have highlighted the work of the Programme of Assistance to the Palestinian People, which is reviewed in this document. Information is provided on programming, financial and project implementation matters, with particular reference to performance in 1990 and planning for the immediate future.

I. STATUS OF THE PROGRAMME

1. Since its modest start in 1980, in response to General Assembly resolution 33/147 of 20 December 1978, the Programme of Assistance to the Palestinian People has progressively become a leading provider of development assistance for the benefit of the Palestinian inhabitants of the occupied West Bank and Gaza Strip.

2. While initially the assistance was largely concentrated on the sectors of health and education, coverage steadily widened to encompass basic infrastructure such as water supply and sanitation, and other large-scale projects in agriculture, industry, commerce and human resources development. The Programme has in recent years comprehensively addressed the complex issues of economic development and self-sufficiency. In this respect, the last 12 months have been particularly significant, as they saw the launching of a number of important new projects in fields crucial to the future economy of the occupied Palestinian territories.

3. In spite of rising tension and political turmoil, including complications resulting from the situation in the Gulf, programme delivery in 1990 jumped to a record level of $11.7 million, more than three times the level for 1989.

4. Recent political events have re-emphasized the importance of employment generating activities. At the urgent request of the Secretary-General of the United Nations, the Director of the Programme led an inter-agency mission to the occupied Palestinian territories in May 1991, in order to prepare an extensive portfolio of employment generating projects for consideration by the donor community. Other participating United Nations organisations are the United Nations Secretariat, the International Labour Organisation (ILO), the World Food Programme (WFP), and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

5. The Palestinian people in the territories warmly support the Programme. The strict adherence to the consultative process with all parties concerned, as provided for by the Governing Council, has been pursued to their satisfaction and to the benefit of the Programme itself.

II. FINANCIAL SUPPORT

6. The Governing Council has made the following allocations from Special Programme Resources (SPR):

	(dollars)
Second cycle (1980-1981)	3.5 million
Third cycle (1982-1986)	10.0 million
Fourth cycle (1987-1991)	12.0 million
Fifth cycle (1992-1996)	15.0 million

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7. The allocation for the fourth programming cycle has been totally committed, and a healthy pipeline of projects is being developed for the fifth programming cycle.

8. In addition to SPR allocations, the Programme has benefited from multi-bilateral contributions and cost-sharing arrangements for a number of specific projects. The totals of pledged contributions by donor, as at March 1991, are as follows:

Donor	Amount (thousands of dollars)
Arab Gulf Programme for United Nations Development Organizations (AGFUND)	1 000
Canada	400
Greece	80
Italy	11 500
Japan	5 000
Jordan	457
Tunisia	48
United States of America	1 000

Recent contacts with these and other potential donors have shown good prospects for additional multi-bilateral contributions to the Programme.

9. The Administrator wishes to express his appreciation for the financial support which Governments and institutions have been providing to the Programme through UNDP core resources as well as additional contributions.

III. PROJECT HIGHLIGHTS

10. Since June 1990, when the Administrator last reported to the Governing Council on the activities of the Programme, implementation of all the new projects described in that report (DP/1990/84) has started. Significant developments are described in the following paragraphs.

11. The Business Development Centre is now fully operational. Several management and technical training sessions have been implemented and feasibility studies for new business ventures have been carried out.

Arrangements for the credit operations are being worked out, and the system is expected to be in place in the near future. Requests for management and technical advice, training and credit are flowing in as the centre has rapidly become an important focal point for private sector development.

12. Construction of the citrus processing plant has now started in the Gaza Strip after some delay, owing to the curfew imposed on the area as a result of the Gulf crisis. Completion of the work is now expected for the latter part of 1992, subject to availability of funds. The plant will have a capacity of 15 tons per hour.

13. Also in Gaza, construction of a vegetable grading and packing facility will soon be launched. It will have the capacity to handle 7 to 8 tons of vegetables per shift. This facility is particularly important for the direct export of Palestinian produce.

14. The Nablus Industrial Zone, which will include important cold storage facilities, is now almost ready. It will allow existing light industries to move away from residential areas and will facilitate the creation and operation of new ones.

15. In the agricultural field, final details have been worked out for the installation of modern irrigation equipment and systems in the Gaza Strip by mid-year. The purpose of the project is to increase agricultural production and productivity while at the same time optimizing the use of water.

16. Work on the installation of a sewage collection network in the Jabalya refugee camp is now well under way, and a technical assistance project to train maintenance personnel for the local sewerage system has been started in Gaza.

17. Two important horticultural projects, which have been the subject of intensive study for sometime, will shortly be implemented. A marketing services centre for horticultural products will be established on the West Bank, with the active assistance of the International Trade Centre (ITC), while construction will start on a grape processing plant previously delayed by financing difficulties.

18. Finally, the Administrator is pleased to report that, after lengthy delays, clearance has been received for the implementation of a poultry hatchery project and for the undertaking of a feasibility study in regard to a fishing and commercial port in Gaza.

IV. FUTURE DIRECTIONS

19. As a result of the recent developments in the Middle East, the economic situation in the occupied Palestinian territories has worsened dramatically. At the same time, it has become increasingly difficult for Palestinians to find employment in Israel. Trapped between a dramatic drop in remittances

from family members living abroad, a structural lack of jobs in the territories, and employment restrictions in Israel, a large proportion of the Palestinians of the occupied territories have nowhere to turn except to short-term emergency assistance. In these circumstances, the building of a self-sufficient economy in the occupied territories has become of utmost urgency.

20. The inter-agency mission described in paragraph 4 above will be the first important step in this direction. It will be followed by a longer-term effort for the identification, formulation, resource mobilization and implementation of projects which will serve as the basis for a dynamic and self-sustaining economy in the occupied Palestinian territories. The majority of the projects currently under implementation are already playing an important role in this respect.

21. The $15 million allocated to the Programme from SPR for the fifth programming cycle (1992-1996) will allow it to finance a core programme which can serve as the focal point for much broader development activities to be identified and formulated by UNDP. The responsiveness of donor Governments and their willingness to complement UNDP resources with multi-bilateral funding will expand the impact of the Programme of Assistance to the Palestinian People.

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REPORT OF THE STANDING COMMITTEE FOR PROGRAMME MATTERS INTER-SESSIONAL MEETING, 6-10 MAY 1991, NEW YORK

Chairman-cum-Rapporteur: H.E. Mr. Ramiro PIRIZ-BALLON (Uruguay)

I. OPENING OF THE MEETING, ELECTION OF THE RAPPORTEUR, ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

1. The Standing Committee for Programme Matters held its first inter-sessional meeting in New York from 6 to 10 May 1991. The President of the Governing Council, H.E. Mr. Ramiro Piriz-Ballon (Uruguay), served as Chairman of the Committee.

2. At its 1st meeting, on 6 May 1991, the Standing Committee adopted the provisional agenda and tentative schedule of work contained in annexes I and II, respectively, to document DP/1991/SCPM/L.2. The Committee agreed to keep its schedule of work flexible and decided that the Chairman of the Committee should act as Rapporteur.

II. MID-TERM REVIEWS OF COUNTRY AND INTERCOUNTRY PROGRAMMES

3. For its consideration of this item, the Standing Committee had before it documents DP/1991/6 and Add.1-8.

A. Summary of the discussion in the Committee

4. The Standing Committee resumed its consideration of selected mid-term reviews, begun at its first session in February. At that time, eight reviews were introduced to the Committee and discussion was completed on the reviews relating to the African region. The summary of the discussion in February

concerning Angola and Nigeria is reproduced below. The Committee took up the item again with comments on the six remaining mid-term reviews. These were for the Arab States and European region, the regional programme and Yemen; for the Latin American and Caribbean region, Costa Rica and Jamaica; and for the Asia and Pacific region, Maldives and Pakistan.

Angola

5. While taking account of the mid-term review, the observation was made that the resources of the United Nations Development Programme were too dispersed to have real impact. It was also felt that more emphasis should be placed on human development; school enrolment levels, especially of women, were mentioned in this context. One delegation expressed appreciation of the coordination role of UNDP and welcomed its own synergetic relationship with UNDP.

6. Response of the Administration. The Associate Administrator appreciated the comments made and anticipated that the next country programme would reflect greater concentration of UNDP resources as well as a greater focus on human development.

Nigeria

7. The thoroughness of the mid-term review was commended and the recommendations relating to the monitoring and evaluation of projects and programmes as well as recommendations on project identification, formulation and approval were endorsed by delegations. Support was expressed for the six recommendations on training listed in the report and for the decision to establish a national database for Nigerian human and institutional resources to help make use of local talent.

8. Information was requested concerning steps taken to overcome the obstacles mentioned in the report, whether the national technical cooperation assessment and programme (NaTCAP) exercise foreseen in June 1990 had been undertaken and whether the national information database on human and institutional capacities was established.

9. Response of the Administration. In reply, the Director of the Regional Bureau for Africa (RBA) informed the Committee that the obstacles mentioned in the report stemmed from the fact that the Nigerian administration lacked knowledge of UNDP policies and procedures. Through a UNDP project, the Government had launched workshops to provide training to government officials, both at the federal and State levels, in the management of technical cooperation and UNDP policies and procedures.

10. Though the pace of NaTCAP exercise in Nigeria was slow, an international consultant and a national chief technical adviser had already been appointed and the Government was setting up a national NaTCAP committee. The Standing Committee was also informed that with the support of a UNDP project, a successful seminar on management development had been organized recently. The

project would provide a national database on human resources for planning in Nigeria.

Regional programme for Arab States

11. The Committee noted and welcomed the emphasis on the environment. In this context some delegations supported the establishment of the Centre for Environment and Development in Arab States and Europe emphasizing the importance of the regional dimension. Questions were raised by some delegations about the proposal to assist in the establishment of a regional institute for environmental matters. These delegations felt that it might be more appropriate for environmental issues to be dealt with by existing institutions. It was also pointed out that non-governmental organizations (NGOs) and other informal entities should be involved in the regional programme. The Committee was informed that a meeting would be held, probably in Rabat, from 8-10 July 1991 to discuss the proposed Centre. At that meeting, emphasis would be placed on networking.

Yemen

12. The decision of the mid-term review to shorten the ongoing programme by one year was welcomed. A narrower, sharper focus of UNDP resources was also favoured. Concern was expressed at the review's finding that the provision of counterparts had proven to be a problem. Reference was also made to the reported weakness of agency backstopping in some cases.

13. Several delegations expressed their concern for the grave economic and social consequences of the Gulf crisis. In this context, reference was made in particular to the return of almost one million Yemenis as well as the new responsibilities in the economic and social structures after Democratic Yemen and Yemen merged to form a single State on 22 May 1990. Some delegations further pointed out the impact of the merger on programme implementation and that this should be taken into account when preparing the fifth cycle country programme.

14. It was suggested that UNDP should take more of a leading role in the policy dialogue. The question was raised as to the effects on the country programme of the unification of the country and the implications thereof for the next cycle.

15. Response of the Administration. In reply, the Standing Committee was informed that a round-table conference was foreseen for Yemen. This would address, inter alia, the issues raised by the Committee. It was also anticipated that the next country programme would be more focused than previous programmes.

Costa Rica

16. Concern was expressed at the apparent poor coordination among United Nations agencies. Concern was also expressed at the fragmentation of the

programme. Queries were raised regarding the high percentage of equipment inputs as well as the socio-economic relevance of assistance to the National Museum. The lack of counterpart personnel was noted and the suggestion made that selection criteria for projects should be more rigorous. The comment was made that UNDP should concentrate its resources more on the policy dialogue than on specific projects.

17. It was pointed out that 10 of 23 projects originally foreseen in the country programme had not been taken up. Conversely, 9 unforeseen projects had been introduced. The question was raised whether this reflected deficiencies in the country programme as drawn up, or a shift in priorities.

18. Response of the Administration. In reply, the Committee was informed that the fragmentation of the programme was a direct consequence of the many demands made on UNDP cooperation and the limited indicative planning figure (IPF) resources available. Consequently, the Regional Bureau for Latin America and the Caribbean (RBLAC) had established a clear policy to help identify priority needs, formulate and even initiate project activities. However, with no additional resources forthcoming, the question arose why UNDP was apparently alone in funding these activities. Often as a result of this kind of exercise, and with the consent of the Government, such project activities are phased out to reserve resources for tasks which, with other sources of funding, can achieve the impact not otherwise possible with the limited resources of UNDP. It is expected that the register of such small-scale projects will show a drop in the fifth programming cycle, when the programme approach will allow UNDP to institute budgets by theme, within which specific initiatives can be pursued without in every instance having to assign a separate project number. It was pointed out that most equipment inputs pertained to projects that address the transfer and adaptation of technology.

19. In reference to the poor coordination indicated among United Nations specialized agencies, the Committee was informed that, among other things, the implementation of the Special Plan for Economic Cooperation for Central America requires close coordination between multilateral, bilateral and subregional institutions. Nevertheless, the Resident Representative in Costa Rica would be requested to comment and provide additional examples of effective coordination at the field level. He would also be requested to take into account all the comments raised by the Committee in the forthcoming preparations of the fifth country programme, with special reference to the need for effective counterpart support and the areas to be selected for UNDP support, including the Costa Rican institutions which would receive assistance.

20. Finally, it was noted that the change in the projects included in the fourth country programme reflected a marked shift in national priorities caused by a change in government.

Jamaica

21. Discussion focused on the fact that only 50 per cent of IPF resources had been programmed when the review was held. Reference to co-financing was of little consequence if available funds were not utilized.

22. The fragmentation of UNDP resources was commented on. It was suggested that they should be focused on a limited number of objectives, particularly those where the UNDP comparative advantages could be exploited and the lessons of past experience applied. It was felt that UNDP should work closely with the Government in human resources development and public sector reform.

23. Response of the Administration. The Director, RBLAC, noted that in the Latin American and Caribbean region, UNDP was often called upon to finance pre-investment or pre-programme studies. These activities are primarily targeted at the subsequent attracting of cost-sharing resources.

24. The information contained in the report on IPF commitment at the time of the mid-term review was unfortunately not correct: the Committee was informed that the entire IPF for the fourth cycle was currently committed. The precise status of the programming of the IPF at the time of the mid-term review would be contained in the revised annex to be issued as a corrigendum to the mid-term review report.

25. The areas of human resource development and private sector reform, in addition to the strengthening of the public sector management capacity, continued to be prime areas for emphasis in the Jamaica country programme. Continued efforts would also be undertaken to focus the programme increasingly on priority areas.

Maldives

26. Delegates welcomed the significant role of UNDP in the policy dialogue. Further involvement in environment, decentralization and the promotion of women was encouraged.

27. It was felt that UNDP had a special role to play in aid coordination in the Maldives. In that respect, it would be useful if other donors' complementary efforts could also be mentioned when reviewing UNDP activities. In fact, co-financing had been attracted to UNDP-supported projects. Reference was made to the UNDP Special Facility through which donors may contribute through UNDP to projects in the Maldives and clarification was sought on the purpose of this facility.

28. Response of the Administration. The Director, Regional Bureau for Asia and the Pacific, welcomed the suggestion that other donors' activities also be considered in mid-term reviews of country programmes, especially that the UNDP Special Facility (Trust Fund for Maldives) was approved to assist the Government in attracting and utilizing small amounts of funding which may become available from bilateral sources by combining these resources in support of priority programmes and projects for which additional funding may be required.

Pakistan

29. It was noted that the country programme had undergone some shift in priorities. This reinforced the desirability of harmonisation between the timing of the country programme and that of the national plan to avoid a gap or misalignment of priorities. It was also noted that 34 of the new projects approved related to projects not foreseen in the country programme and the view was expressed that this was a variation from the envisaged thrust and interest of the country programme.

30. It was also stated that the fragmentation of the programme appeared to diminish impact. On the other hand, the emphasis on human development, including women in development, and the switch to higher national priorities were welcomed. Interest was expressed in the progress of and constraints to national execution.

31. Response of the Administration. In reply, the Regional Director explained that the large number of new projects approved which were not originally in the country programme was due to the large unallocated resources combined with the new emerging priorities in the social and fiscal sectors. The adoption of the programme approach will in the future reduce the number of projects in the country programme and will also greatly facilitate the systematic identification of new projects. Furthermore, the Government has already requested a one-year extension of the current country programme in order to bring it in line with the national development plan. A study to examine fully the issue of government capacity for national execution in Pakistan is currently under way.

Further discussion of the Committee

32. In addition to the country-specific issues raised, the following were among the points raised by some delegations which suggested furthermore that they could be taken into account in the future work of UNDP; some delegations felt that the issues might well be given further consideration before action is taken:

(a) Mid-term reviews are useful and important exercises. They can improve the quality and impact of UNDP technical cooperation by providing lessons to be fed into future programming. They also help the Governing Council to understand better how programmes work;

(b) Mid-term reviews should offer more information on links between UNDP projects and those funded by other donors;

(c) Mid-term reviews must be analytical rather than descriptive and state how project and financial resources are linked to objectives;

(d) When country programmes undergo major changes from the original, approved document, they should be brought to the attention of the Governing Council. In this context, the importance of flexibility in programming was

also stressed. The Administrator confirmed that current procedure required that significant changes in the approved country programme be brought to the attention of the Council: indeed, the mid-term review reporting process would bring such cases before the Council;

(e) UNDP should reduce the fragmentation of its resources by focusing on a few, well-selected national objectives, human development, including human resources development, and other themes recommended by the Governing Council;

(f) UNDP should target its resources to areas and levels of intervention where it offers comparative advantages;

(g) In particular, UNDP should be an active partner in the national policy dialogue.

B. Recommendation of the Committee

33. The Standing Committee recommended that the Governing Council take note of the overview report on mid-term reviews (DP/1991/6) and the following mid-term reviews of country programmes under the fourth programming cycle: Angola (DP/1991/6/Add.1); Nigeria (DP/1991/6/Add.5); Regional Programme for Arab States and Europe (DP/1991/6/Add.8); Yemen (DP/1991/6/Add.7); Costa Rica (DP/1991/6/Add.2); Jamaica (DP/1991/6/Add.3); Maldives (DP/1991/6/Add.4); Pakistan (DP/1991/6/Add.6).

III. EVALUATIONS

34. For its consideration of this item, the Standing Committee had before it documents DP/1991/17, DP/1991/22 and DP/1991/61.

A. Summary of the discussion in the Committee

1. The Social Dimensions of Adjustment project

35. Delegates supported the need for the Social Dimensions of Adjustment project to continue with major changes. The implications of including other agencies and UNDP acting as the secretariat has to be carefully worked out. One delegate felt that the report was biased in its criticism of the World Bank and that the use of International Development Association resources was justified.

2. Evaluation of HaTCAPS

36. Delegates endorsed the overall recommendations contained in the report. The need for a comprehensive approach to national capacity-building, the active participation of other United Nations agencies in the assessment of

capacity-building needs, the active involvement of bilateral donors, the possibility of extending the exercise to local and regional levels, and the need to ensure complementarity between structural adjustment programmes and NaTCAPS were emphasized. Steps to put the recommendations into operation were called for; actions being taken were indicated by the Director, RBA.

3. Evaluation of UNDP assistance to intergovernmental organizations in Africa

37. The secretariat highlighted the problem of the proliferation of international government organizations (IGOs) and consequent weaknesses in financial administrative capacity to achieve objectives noted in the report. It was generally felt by delegates that UNDP assistance must be concentrated on areas in which UNDP has a comparative advantage. Even though a long-term framework of assistance is needed, it should be worked out by the IGOs since UNDP of necessity has to work within the five-year programming cycles.

4. Capacity-building for aid coordination in the least developed countries

38. Delegations supported the findings and recommendations of the evaluation. It was, in particular, suggested that they be taken into account in the preparation and the implementation of country programmes in the fifth programming cycle. Some delegations stressed that in its effort to strengthen the capacity of the least developed countries (LDCs) for economic and aid coordination, UNDP should address the issues of effectiveness of the civil service, including incentives, remuneration and the use of the private sector.

5. Report of the Administrator on evaluation

39. Several delegations expressed appreciation for and interest in the report of the Administrator on evaluation (DP/1991/22). It was noted that the Governing Council would consider the report at its thirty-eighth session.

40. The issues of country programme evaluations, and the need for the evaluation of UNDP efforts in support of human development were raised, as was the need for thematic evaluations in support of Governing Council decision 90/34.

41. The Administrator confirmed UNDP support for a strategic approach to evaluation and noted that Governing Council decision 90/34 was already fully reflected in the work plan for evaluation in the fifth cycle.

42. The issue of follow-up to evaluation was raised; it would be responded to at the thirty-eighth session of the Governing Council. Delegations expressed their support for UNDP efforts to develop national monitoring and evaluation capacity, and for the expanded use of ex-post evaluation and impact evaluation.

43. The Administrator thanked those delegations who had indicated support for the strengthening of evaluation in UNDP in the light of the focus on human development, national capacity-building and the six areas laid out in Governing Council decision 90/34. UNDP plans to strengthen evaluation are reflected in the Administrator's comments on the management consultants' report (DP/1991/51), which will be before the Governing Council at its thirty-eighth session.

B. Recommendation of the Committee

44. The Standing Committee decided to recommend to the Governing Council to take note of the evaluations and the statements made by delegations concerning the Social Dimensions of Adjustment project; the national technical cooperation assessments and programmes; UNDP assistance to intergovernmental organizations; and capacity-building for aid coordination in the least developed countries.

IV. PROGRAMME OF WORK FOR 1991, INCLUDING FIELD VISITS TO TAKE PLACE IN THE SECOND HALF OF 1991

45. For its consideration of this item, the Standing Committee had before it documents DP/1991/SCPM/L.1 and DP/1991/SCPM/1.

46. The Committee discussed its programme of work for the thirty-eighth session as contained in document DP/1991/SCPM/L.1. Bearing in mind the large number of country programmes which the Committee will have to consider in 1992, members commented on the guidelines for the preparation of country programmes and suggestions were made as to elements in future guidelines. The Secretariat made the present guidelines for advisory notes available.

47. Several delegations recommended that in addition to the items proposed in annex I of document DP/1991/SCPM/L.1, the following items should be taken up by the Committee at its thirty-eighth session: guidelines for country programming; national execution and capacity-building strategy; programme approach; preparations for Special Programme Resources (SPR) programming; and presentation of the Nordic United Nations project. Some delegations expressed the view that the question of allocation of items and additions to the programme of work of the Standing Committee for Programme Matters should be considered by the Governing Council. In this context, some delegations expressed the view that the allocation of items is clearly defined in decisions 90/23 and 91/2.

48. The discussion of the Standing Committee concerning its field visits involved the broad participation of members. The discussion centred on the following questions: scope and objectives, organization of visits, selection of themes or topics, reporting to the Standing Committee, composition, periodicity and timing. The Secretariat was asked to prepare a draft terms of reference for the thirty-eighth session in the light of the views expressed

during the deliberations of the Standing Committee as well as during informal consultations. The Committee recommends that the discussion thereon be finalized in June.

V. OTHER MATTERS: UNDP GULF TASK FORCE

49. Delegations commended the work of the Gulf Task Force, its rapid response to the crisis and the quality of the documentation. Several delegations hoped that updated material on the impact of the crisis would be made available to the Governing Council at its thirty-eighth session. Some delegations also noted the importance of going beyond immediate humanitarian needs towards sustainable solutions to the medium- and long-term problems created by the crisis.

50. A few delegations requested more information on UNDP work at the field level, and on its role within the United Nations inter-agency effort. One delegation asked about activities in response to the need of Iraqi refugees. Two delegations reaffirmed that the impact of the Gulf crisis had reached beyond the immediate region, and urged that South Asian countries be included in the SPR allocations to enable them to respond to the needs created; for example, to reintegrate returning labour migrants. Several other delegations also described the impact of the crisis on their countries and the environment and the need for SPR resources to enable them to respond; some noted that requests from their countries were forthcoming.

51. One delegation emphasized the importance of building national capacity in the area of the environment. Another delegation felt the mandate and scope of work of the Gulf Task Force should be expanded.

52. Response of the Administration. The Director, Regional Bureau for Arab States and Europe, noted that updated documentation would be available for the Governing Council at its thirty-eighth session. He reassured the Committee that not only the countries in the region of the conflict would benefit from the SPR allocation, but, that also countries such as South-Asian and European countries affected by the crisis would also benefit, as required. He also noted that the $4 million SPR allocation was very small considering the needs created - the Gulf Task Force estimated that tens of millions of dollars were needed and he hoped the Governing Council would give full consideration to the issue. The Gulf Task Force had adopted a "demand-driven" approach, based on clear criteria, and responding to requests from Governments through field offices - such requests were believed to be forthcoming from several countries and would be handled as soon as they were received; collaboration with United Nations specialized agencies had been excellent.

53. The Senior Adviser on Humanitarian Affairs to the Administrator then briefed the Standing Committee on the United Nations inter-agency humanitarian relief operations, under the leadership of the Secretary-General's Executive Delegate. A consolidated humanitarian appeal was expected soon.

VI. ADOPTION OF THE REPORT OF THE STANDING COMMITTEE FOR PROGRAMME MATTERS TO THE GOVERNING COUNCIL

54. At its 6th meeting, on 10 May 1991, the Standing Committee for Programme Matters adopted the present report.